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## Italy

### Product Brief

### Beer

### 2006

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**Report Highlights:** Italians enjoy beer, and their beer production does not satisfy their growing thirst. Per capita consumption of beer in Italy in 2004 reached 30 liters, totaling 17.2 million hectoliters consumed. Wine instead, reached an all time low of only 50 liters per capita consumption. In 2004, beer imports increased by 4.5% surpassing 4.9 million hectoliters, making Italy the only European market where beer consumption has consistently grown since 1996.

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Rome [IT1]  
[IT]

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## EXECUTIVE SUMMARY

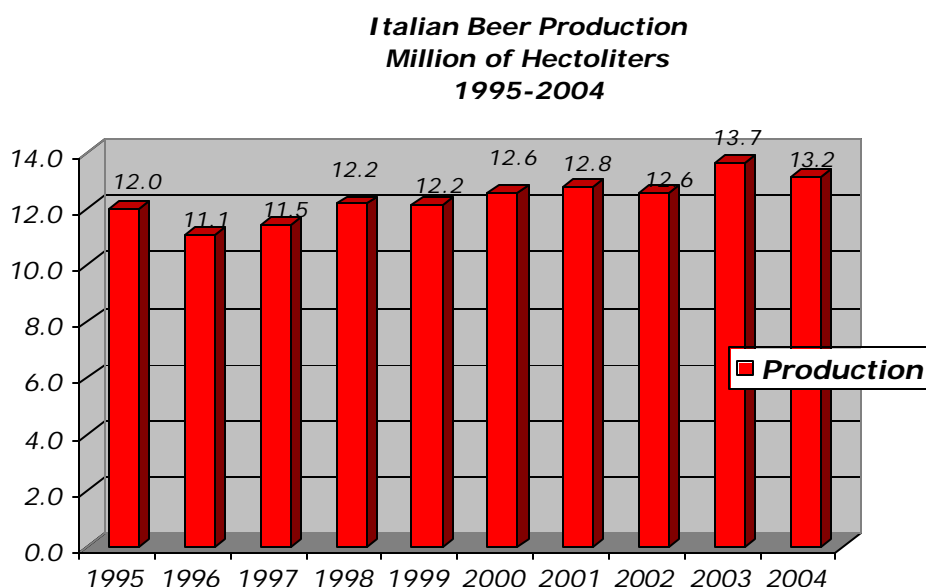
The word beer stems from the Latin verb “bibere”, meaning “to drink”, and beer is considered to be the most ancient and widespread beverage in the world, along with tea. Western European countries, while representing a mere 6.5% of world population, consume nearly 22% of the world's beer production. Thirty percent of Western Europe's beer is consumed as draft beer in re-usable kegs, 33% in glass returnable bottles, 13% in disposable glass bottles, while 24% is consumed in cans.

Italians like their beer, and while they do have a beer producing industry, it certainly does not satisfy their growing thirst for the product. The latest statistics show that the yearly per capita consumption of beer in Italy is increasing, reaching over 30 liters, for a total consumption of 17.2 million hectoliters. Wine instead, has reached an all time low of only 50 liters of per capita consumption. In 2004, Italy's beer imports increased by 4.5%, going from 4.7 to 4.9 million hectoliters. Italy is the only European market where beer consumption has consistently increased between 1996-2005.

## PRODUCTION

There are presently 19 beer production plants in Italy, nine of which are located in the Center-Southern regions. The industry has over 20 thousand employees, producing 13.2 million hectoliters of beer annually, of which 850,000 hectoliters are exported. The Italian malt sector has 2 plants that in 2004 produced 56,500 tons, satisfying only 33.7% of the national beer production. The Italian beer industry also produces in country some of the most important foreign brands, under license. The number of microbreweries and brewpubs is also slowly growing in Italy. Both microbreweries and brewpubs manufacture beer, but brewpubs also offer a venue for consumption. On average, a microbrewery produces around 2,000 hectoliters of beer annually, while a brewpub typically produces 500. (Please see Table 1 for Italian Beer Production.)

**Table 1- Italian Beer Production**

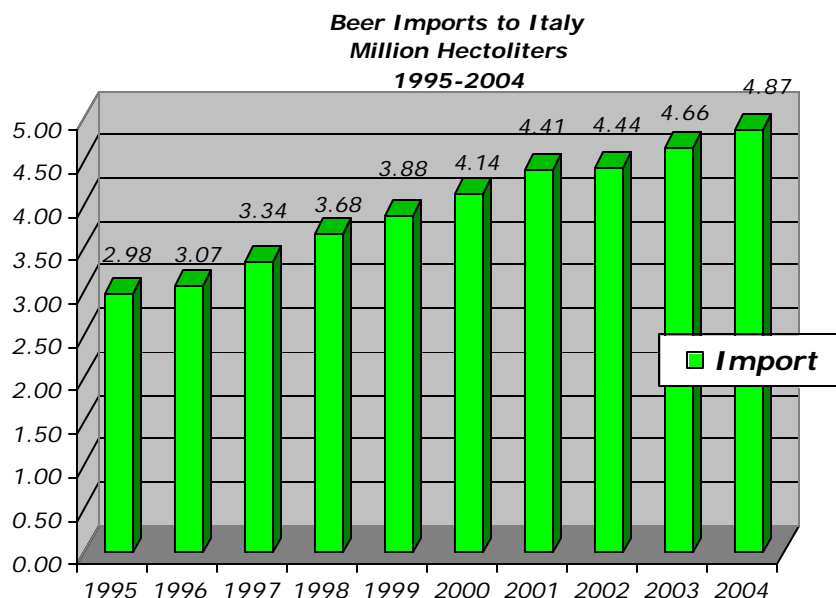


**Source:** ASSOBIRRA, 2005 Annual Report

**TRADE**

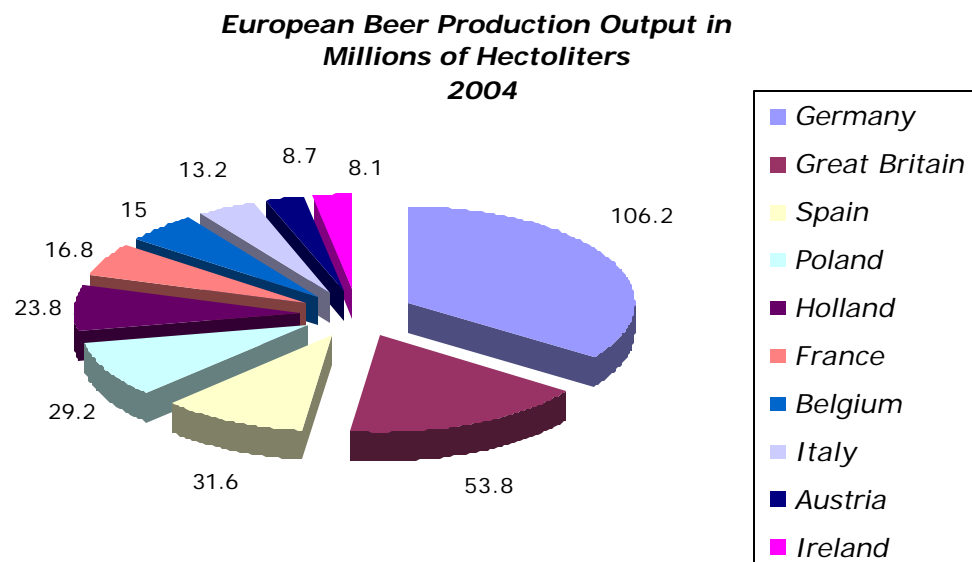
According to ISTAT, in 2004, Italy imported more than € 353 million worth of beer. Italians have steadily increased their consumption of beer, (while decreasing their preference for wine), which in turn has stimulated the opening of new bars and nightclubs that attract a younger crowd that views beer as more “approachable and trendy.”

**Table 2 – Beer Imports to Italy**



**Source:** ASSOBIRRA, 2005 Annual Report

In Europe, Germany is the number one beer producer, followed by Great Britain and Spain. In 2004, Germany was Italy's number supplier of beer, selling over 2,6 million hectoliters. Table 3 details European beer production by country and Table 4 provides an overview of Italian beer imports by country.

**Table 3 – European Beer Production Output**

**Source:** ASSOBIRRA, 2005 Annual Report

**Table 4 - Italian Imports of Beer from the EU & Other**

1000 Hectoliters

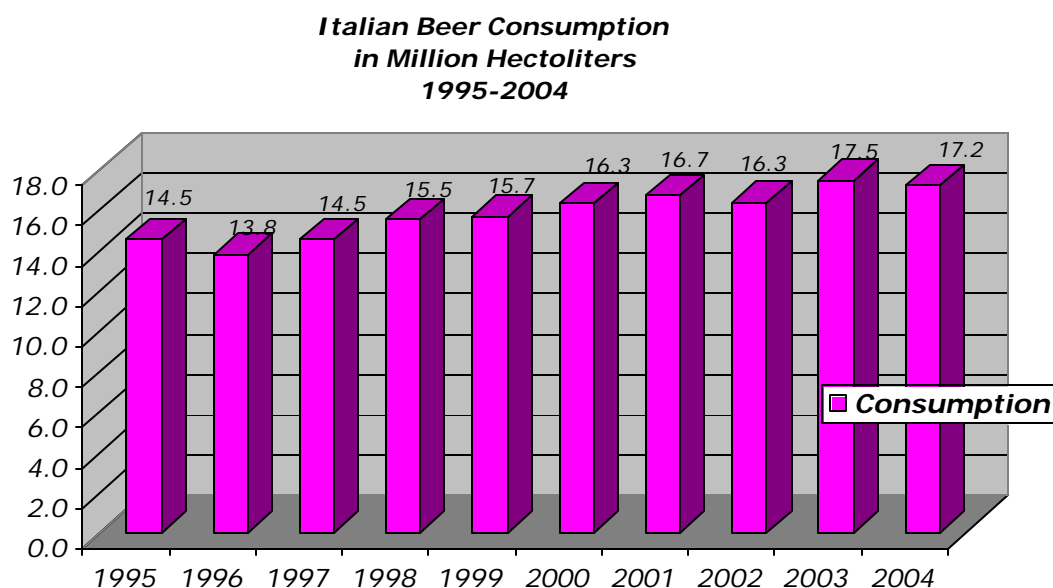
|                       | 2002  | 2003  | 2004  |
|-----------------------|-------|-------|-------|
| <b>Germany</b>        | 2,250 | 2,394 | 2,625 |
| <b>Netherlands</b>    | 455   | 550   | 604   |
| <b>Denmark</b>        | 475   | 497   | 497   |
| <b>United Kingdom</b> | 223   | 196   | 254   |
| <b>Belgium</b>        | 218   | 189   | 209   |
| <b>Slovenia</b>       |       |       | 143   |
| <b>Spain</b>          | 116   | 112   | 133   |
| <b>Austria</b>        | 148   | 157   | 123   |
| <b>Ireland</b>        | 102   | 98    | 105   |
| <b>Others</b>         | 75    | 81    | 101   |
| <b>Total</b>          | 4,062 | 4,274 | 4,937 |

Source: ASSOBIRRA, 2005 Annual Report

## CONSUMPTION

ASSOBIRRA, Italys' National Beer and Malt Industries Association, in collaboration with MAKNO Research presented the 2005 annual report on "Production and the Italian Beer Market." The report notes "beer consumption in Italy continues to grow, while Italian consumers are more aware and better informed than their European counterparts". Italians tend to be conservative and strongly wedded to a traditional Mediterranean diet. Their interest in a healthy lifestyle, combined with their taste preferences, make beer a perfect choice. Beer is perceived as a natural drink that promotes health and well being, and a valid alternative to wine. (Please see Table 5 for a profile of the Average Italian Beer Consumer.)

**Table 5 – Italian Beer Consumption**



**Source:** ASSOBIRRA, 2005 Annual Report

## CONSUMER CHARACTERISTICS

The typical Italian consumer is considered to be:

- a young adult male (18-24 years old),
- urban dweller,
- average to high level of education, university student or independently employed individual,
- chooses to drink beer "in company" (either at the bar or pub), and
- chooses beer because believes it to be a "healthy choice, with less calories compared to wine and is also less expensive."

According to a recent survey conducted by DOXA, "43 percent of men and 20 percent of women are regular consumers of beer." Therefore, for market penetration and expansion, women are now considered an important new target sector. In addition, young Italians are more interested in beer, especially thanks to the increased product range and availability in the retail sector.

**BEER SALES AND DISTRIBUTION**

Industry sources report that beer sales in Italy are still quite seasonal with 50% of sales and consumption during the months of May-September. The industry also forecasts that premium, specialty and imported beers will increase their market share during the next few years, while existing domestic brands are expected to decline slightly. In order to better manage Italian beer distribution, several of the larger players in the market, such as Peroni, Heineken and Carlsberg, have started to take control of large distributors and importers. Industry sources report "the increase in control exercised by the industry over wholesalers might, in the near future, constrain the growth of imported beer, which is increasingly affecting sales of domestic lager, demand for which is dropping."

Imported beer appears to be the driving force behind sales growth in premium lager. Domestic manufacturers, in order to augment their range and defend their market shares and profit levels, are now importing brands of lager or manufacturing them under license. Premium lager brands manufactured domestically find it difficult to compete with the huge range of imported beers on offer. Most of the 900 brands available on the Italian market belong to this category, although not even the best beerhouse will ever have more than 450-500 available.

**Table 6 - Forecast Volume of Beer Sales in Italy by Subsector**

(000 hectoliters)

|   | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Lager</b>                              | 16,008      | 16,363      | 16,642      | 16,873      | 17,033      | 17,199      |
| - <b>Premium lager</b>                    | 7,272       | 7,636       | 7,921       | 8,157       | 8,342       | 8,487       |
| - <b>Standard lager</b>                   | 6,305       | 6,335       | 6,384       | 6,424       | 6,434       | 6,452       |
| - <b>Economy lager</b>                    | 2,431       | 2,392       | 2,337       | 2,292       | 2,258       | 2,259       |
| <b>Dark beer</b>                          | 606         | 640         | 669         | 695         | 715         | 729         |
| - <b>Ale</b>                              | 363         | 381         | 397         | 410         | 421         | 429         |
| - <b>Weissbier/weizen/<br/>wheat beer</b> | 203         | 218         | 231         | 243         | 252         | 257         |
| - <b>Other dark beer</b>                  | 40          | 41          | 42          | 42          | 43          | 43          |
| <b>Stout</b>                              | 352         | 361         | 367         | 370         | 373         | 375         |
| <b>Non-/low-alcohol<br/>Beer</b>          | 244         | 235         | 228         | 224         | 222         | 219         |
|   | 17,210      | 17,599      | 17,906      | 18,162      | 18,342      | 18,522      |

**Source:** Euromonitor estimates

**Table 7- Forecast Sales of Beer by Subsector: Total Value 2004-2009**  
**EUR million**

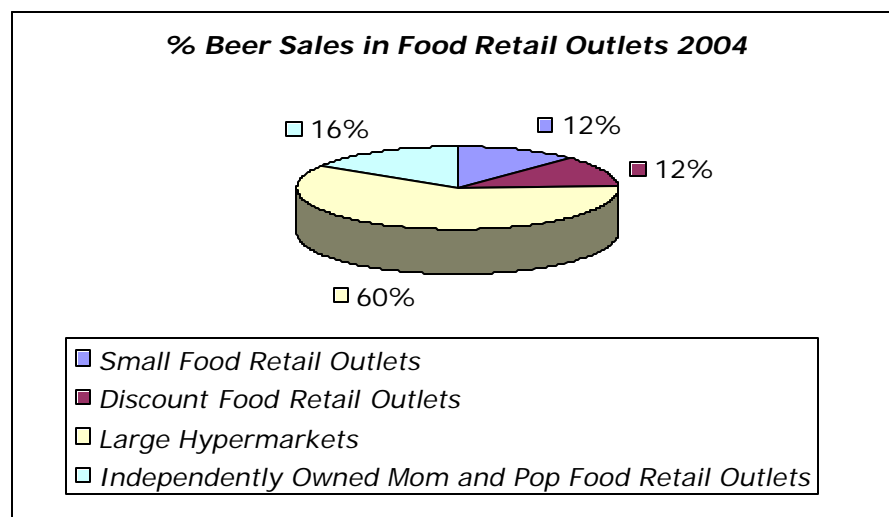
|                                   | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    |
|-----------------------------------|---------|---------|---------|---------|---------|---------|
| <b>Lager</b>                      | 5,931.5 | 6,154.1 | 6,346.6 | 6,534.8 | 6,678.6 | 6,790.8 |
| - Premium lager                   | 4,094.8 | 4,323.4 | 4,512.7 | 4,688.5 | 4,826.8 | 4,934.2 |
| - Standard lager                  | 1,620.5 | 1,617.3 | 1,624.8 | 1,640.9 | 1,649.2 | 1,653.6 |
| - Economy lager                   | 216.3   | 213.4   | 209.0   | 205.4   | 202.6   | 203.0   |
| <b>Dark beer</b>                  | 552.4   | 589.3   | 620.7   | 650.0   | 671.1   | 685.3   |
| - Ale                             | 305.9   | 323.2   | 337.4   | 350.3   | 360.3   | 368.6   |
| - Weissbier/weizen/<br>wheat beer | 201.3   | 219.3   | 235.3   | 250.9   | 261.5   | 267.1   |
| - Other dark beer                 | 45.3    | 46.9    | 48.0    | 48.9    | 49.3    | 49.6    |
| <b>Stout</b>                      | 327.4   | 337.0   | 345.1   | 350.8   | 354.8   | 357.8   |
| <b>Non-/low-alcohol</b>           | 50.4    | 48.6    | 47.1    | 46.1    | 45.3    | 44.5    |
| <b>Beer</b>                       | 6,861.7 | 7,129.1 | 7,359.5 | 7,581.7 | 7,749.9 | 7,878.5 |

**Source:** Euromonitor estimates

### Food Retail Sector

Supermarkets and hypermarkets continue to take the lead in distribution of alcoholic beverages in Italy. In 2004, thanks to competitive pricing and convenience, supermarkets and hypermarkets accounted for about 70% of all beer sales. The food retail sector allows beer manufacturers to directly target consumers through promotions and specials. Beer distribution within the Retail and HRI sectors is guaranteed by a network of approximately 2000 wholesale retailing companies. (Please see Table 8 for Percentage of Beer Sales in Food Retail Outlets, 2004.)

**Table 8 - Beer Sales in Food Retail Outlets**



**Source:** AcNielsen and GDOWEEK, May 2005



### **Bars and Nightclubs**

Beer is widely consumed in bars and nightclubs. In 2004, there were more than 263,000 establishments of this type in Italy. Table 9 provides a complete breakdown of Italian bars by type.

Beer sales are doing quite well in bars, pubs and pizzerias, primarily because younger consumers prefer these types of establishments and tend to order beer rather than wine. Young consumers are more open to trying new products, and brewers are increasingly targeting both the younger generation and women. In Italy there are more than 175,000 food and beverage outlets that serve beer. Of these, more than 70% are equipped with pumps to serve draft beer.

**Table 9 - Breakdown of Italian Bars 2004**

| <b>Type of Establishment</b> | <b>Number of Establishments</b> |
|------------------------------|---------------------------------|
|------------------------------|---------------------------------|

|                                  |                |
|----------------------------------|----------------|
| Bars open until 8 pm             | 31,975         |
| Night bars (open until midnight) | 35,528         |
| Bar club (open after midnight)   | 21,317         |
| Coffee bars                      | 38,876         |
| Bar and Pastry Shop              | 10,808         |
| Wine bars                        | 831            |
| Sandwich bars                    | 5,449          |
| Beer pubs                        | 3,251          |
| Generic bars                     | 26,042         |
| <b>TOTAL</b>                     | <b>262,897</b> |

**Source:** Trade associations (Fipe), Trade press (BARgiornale), Euromonitor

- **Microbreweries and Brewpubs**

Microbreweries and brewpubs are slowly popping up throughout Italy, and have even founded their own trade association, Unionbirrai. Artisanal beer can be found in pubs where production is completed in-house or at an associated microbrewery. Certain specialty wine shops are also starting to carry national and imported artisanal beers. These types of beer have a limited shelf life and must be kept refrigerated to maintain quality and flavor.

***Annex 1 – List of Main Italian Breweries and their Headquarters******HEINEKEN ITALIA Spa***

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***Spa BIRRA PERONI***

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***BIRRA MENABREA Spa***

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